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FISCAL IMPACT STATEMENT

LS 7512

BILL NUMBER: SB 566

NOTE PREPARED: Mar 25, 2005

BILL AMENDED: Mar 24, 2005

SUBJECT: Medical Informatics Commission.

FIRST AUTHOR: Sen. Dillon

FIRST SPONSOR: Rep. Murphy

BILL STATUS: CR Adopted - 2nd House

FUNDS AFFECTED: X **GENERAL**
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Medical Informatics Commission. It requires the Commission to conduct a study or contract for a study to be conducted on health care information and communication technology.

The bill also requires the Commission to provide two progress reports and a final report to the General Assembly concerning a plan and recommendations on the creation, implementation, and maintenance of a health care information and communication technology system. The bill requires the Commission to hold a public hearing before providing the final report to the General Assembly.

The bill requires the Office of the Secretary of Family and Social Services to provide staff for and pay the expenses of the Commission if the Budget Agency determines there is funding.

The bill also requires the State Department of Health to develop a Health Care Quality Indicator Data Program plan. The bill also provides that the Department may develop and implement a Health Care Quality Indicator Data Program. It requires compliance with data collection requirements. It also provides for confidentiality of certain information.

Effective Date: July 1, 2005.

Explanation of State Expenditures: *Medical Informatics:* The 14-member Medical Informatics Commission established by the bill would conduct or contract for a study of health care information and communication technology in Indiana. Commission members who are not state employees would not be paid a salary per diem. Members who are state employees may be paid travel and other expenses if the State Budget Agency

determines funds are available. The Office of the Secretary of Family and Social Services is required to provide administrative support to the Commission and should be able to cover any additional administrative costs related to administrative support within the Department's existing resources. The total cost for meetings of the Commission would depend on the number of meetings, the location, and the number of members attending.

The Commission would establish a plan for the creation of a uniform statewide health care information and communication technology system including a plan for developing and implementing a health care information infrastructure.

If the State Budget Agency determines that sufficient funds are available, the bill requires the Commission and the Office of the Secretary to conduct or contract for a study of health care information and communication technology in Indiana. It is estimated that a study could cost between \$10,000 and \$400,000, depending on whether the study is conducted in-house or performed by a contractor. The cost of this provision would ultimately depend upon the complexity of the study and the contractor, if any, selected. The bill specifies that the Commission may investigate the feasibility of obtaining a governmental or private grant to assist with the cost. Otherwise, these costs would be funded through savings achieved in existing state General Fund appropriations as determined by the Budget Agency.

The bill requires that the Office of the Secretary supervise and coordinate any contract awarded for a study and provide two progress reports to the Legislative Council before January 1, 2006 and before July 1, 2006. A final report is due by November 1, 2006. The Commission is required to hold at least 1 public meeting at a central location in order to take public comments on the plan.

Health Care Quality Indicator Data Program: This bill requires the State Department of Health to develop a plan for a health care quality indicator data program by December 31, 2006. The Department reports that the plan can be developed for approximately \$45,000 and should be achievable within the current level of resources available. The bill requires compliance with the data collection requirements defined by the Department with the assistance of health coverage providers and health care providers. The bill further specifies that the Department may only collect existing electronically obtainable data elements. The Department may not require a provider to establish or revise data systems to conform to the Health Care Quality Indicator Data Program. The bill further authorizes the Department to develop and implement the planned Health Care Quality Indicator Program, although no provision for funding is made.

If the Department should decide to implement a Health Care Quality Indicator Data Program, current estimates of the first-year costs of implementing a program range from \$300,000 to \$450,000. This estimate is limited to the design and policy phases of the program development. The Department has estimated only the first year, reporting that subsequent years' costs would be dependent upon the findings made during completion of the planning and design phases.

Background Information: The State Department of Health in Rhode Island has been actively operating a program in Health Care Quality Measurement and reporting for at least five years. Resources budgeted for the program have been \$338,000 in FY 2002; \$354,000 in FY 2003; and \$162,000 for FY 2004. In 2003, the Rhode Island program was planning to produce two public reports on hospital patient satisfaction and focused hospital clinical performance; selecting and piloting patient satisfaction survey tools for nursing home residents and home health patients; and testing nurse sensitive quality indicators in hospitals.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Office of the Secretary of Family and Social Services; State Budget Agency; State Department of Health.

Local Agencies Affected:

Information Sources: Zach Cattell, Legislative Liaison for the State Department of Health; Rhode Island Department of Health at "Rhode Island Health Quality Performance Measurement and Reporting Program, Fifth Annual Report, January 31, 2003" prepared by the Rhode Island Department of Health at www.health.state.ri.us; The Rhode Island Operating Budget at [www.budget.state.ri.us/operating budget.htm](http://www.budget.state.ri.us/operating%20budget.htm).

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